

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 DODE-00 PA-01 PRS-01 AGRE-00 /086 W

-----090725Z 127855 /17

R 081654Z JUN 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 1730

USDOC WASHDC

INFO AMCONSUL OPORTO

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E.O. 11652: N/A

TAGS: EINV, PO

SUBJECT: AMERICAN INVESTMENT PROBLEMS: MUNDET & CIA

REF: (A) LISBON 4236, (B) STATE 111707

1. COMMATT MET ON JUNE 4 WITH MRS PAULA MUNDET AND LAWYER TO DISCUSS STATUS OF MUNDET & CIA CASE. BOTH HAVE MADE BRIEF APPEARANCE BEFORE INTERMINISTERIAL COMMISSION, WHICH REQUESTED THAT MRS. MUNDET STATE HER POSITION IN DETAIL ASAP REGARDING FIRM'S FUTURE LEGAL STATUS. LAWYER REQUESTED EXTENSION OF TIME PERIOD TO PREPARE CASE. DEADLINE IS NOW JUNE 25. THUS FAR LAWYER HAS NOT OFFICIALLY PRESENTED MRS MUNDET'S POSITION TO COMMISSION. (NOTE: SUMMARY MENTIONED IN PARA 1 C REF A WAS DIRECTED TO MINISTER OF INDUSTRY, NOT TO COMMISSION.)

2. ACCORDING MRS MUNDET, SHE HAS NOT DECIDED WHETHER TO DEMAND FULL RESTITUTION OF FIRM OR TO PROPOSE COMPROMISE SOLUTION ALLOWING WORKERS OR GOP TO PURCHASE SOME PORTION OF ASSETS. ONE POSSIBLE SOLUTION WOULD BE TO SEPARATE PORTUGUESE PRODUCTION FACILITY FROM LONDON MARKETING COMPANY. LONDON
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COMPANY, WHICH BUYS CORK FROM OTHER PRODUCTION FIRMS AND IS OWNED 90 PERCENT BY MUNDET PORTUGAL, WOULD BE TURNED OVER TO MRS MUNDET. PORTUGUESE ASSETS WOULD BE SOLD TO WORKERS OR GOVERNMENT. SHE HAS NO CLEAR IDEA OF THE PRESENT VALUE OR HER DESIRED SALES PRICE FOR THESE ASSETS. (LAWYER HAS WRITTEN STRONG LETTER TO MINISTER OF INDUSTRY REQUESTING ACCESS TO ALL FINANCIAL COMMERCIAL INFORMATION.

MINISTER'S AIDE GAVE PERMISSION IN MAY 24 LETTER,
BUT MRS MUNDET AND LAWYER HAVE NOT VISITED PLANT TO
INSPECT INVENTORY, ORDER BOOK, MACHINERY OR ACCOUNTING
RECORDS. MRS MUNDET OBVIOUSLY IS NOT AND NEVER WAS
KNOWLEDGEABLE ABOUT DETAILS OF BUSINESS.)

3. COMMATT EXPLAINED THAT USG COULD NOT ASSIST EFFECTIVELY
UNTIL MRS MUNDET HAD DECIDED HER PREFERENCES AND HER
FUTURE ACTION. SHE WAS ADVISED TO RESPOND TO COMMISSION'S
REQUEST FOR STATEMENT OF HER POSITION, KEEPING EMBASSY
FULLY INFORMED. EMBASSY PROMISED ALL APPROPRIATE ASSIS-
TANCE ONCE MRS MUNDET TAKES SOME CONCRETE ACTION
WHICH DEFINITELY ESTABLISHES HER PREFERRED SOLUTION FOR
THIS PROBLEM.

4. COMMENT: EMBASSY HAS BEEN CAREFUL IN ALL INVEST-
MENT DISPUTES TO EXPLAIN THAT USG CANNOT BE OUT IN FRONT
OF THE COMPANIES INVOLVED. WE HAVE STRESSED THAT USG
MUST ACT IN A SUPPORTIVE ROLE; IT CAN NEITHER SET
TERMS OF FINAL SOLUTION NOR NEGOTIATE ON BEHALF OF THE
COMPANIES. ONLY THE INTERESTED FIRMS CAN PERFORM THOSE
TASKS. SOME U.S. FIRMS HAVE TENDED TO PRESENT THEIR PRO-
BLEMS AND THEN WAIT FOR USG TO OBTAIN SOLUTION. IN THE
CASE OF GENERAL INSTRUMENT, FOR EXAMPLE, EMBASSY INTER-
VENED SEVERAL TIMES TO SPARK GOP--COMPANY NEGOTIATIONS AND
TO KEEP THEM MOVING. POINT WAS FINALLY REACHED, HOWEVER,
WHEN EMBASSY HAD TO SIGNAL ITS WITHDRAWAL FROM THE CASE
BEFORE THE COMPANY WOULD AGGRESSIVELY PURSUE NEGOTIATIONS.
ONCE COMPANY ACCEPTED FACT THAT EMBASSY WOULD BE UNABLE
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MAKE FURTHER CONTRIBUTION, IT PROCEEDED INDEPENDENTLY AND
OBTAINED SATISFACTORY AGREEMENT. EMBASSY IS PREPARED TO
PROVIDE THE SAME ASSISTANCE IN THE MUNDET CASE, WHICH WILL
BE EXTREMELY DIFFICULT TO RESOLVE, BUT MRS MUNDET MUST
FIRST DEMONSTRATE THAT SHE KNOWS WHAT SHE WANTS AND IS
PREPARED TO PURSUE HER DESIRED SOLUTION.
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Sent Date: 08-Jun-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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